

Excise Tax Reporting Form ST-400 Instructions March 2004

What's New in Sales Tax for 2004 Changes Effective March 1, 2004

Effective March 1, 2004, the Arkansas State Sales and Use Tax rate will increase from 5.125% to 6%. The rate increase will apply to all taxable sales of tangible personal property and taxable services that occur on or after March 1, 2004. The special Texarkana State Sales and Use Tax rate will increase to 7%. The Short-Term Rental Vehicle Tax will remain at the current state tax rate of 10%.

Changes Effective July 1, 2004

Effective July 1, 2004, the following services will be subject to the Arkansas State Sales Tax and any applicable local taxes:

- Wrecker and Towing Services
- Collection and Disposal of Solid Waste
- Cleaning Parking Lots and Gutters
- Dry Cleaning and Laundry Services
- Industrial Laundry Services
- Mini Warehouse and Self Storage Rental Services
- Body Piercing, Tattooing, and Electrolysis Services
- Pest Control Services
- Security and Alarm Monitoring Services
- Boat Storage and Docking Fees
 - Furnishing Campground Spaces or Trailer Spaces at Public or Privately Owned Campgrounds, except for Federal Campgrounds, on Less Than a Month-to-Month Basis
- Locksmith Services
- Pet Grooming and Kennel Services
 - New Installation and Replacement Labor for Hardwood, Vinyl, Ceramic tile, or Any Other Types of Flooring

The tax will also apply to initial installation services of motor vehicles, aircraft, farm machinery and implements, motors of all kinds, tires and batteries, boats, electrical appliances and devices, furniture, rugs, flooring, upholstery, household appliances, televisions and radios, jewelry, watches and clocks, engineering instruments, medical and surgical instruments, machinery of all kinds, bicycles, office machines and equipment, shoes, tin and sheet metal, mechanical tools, and shop equipment. If the item being installed is specifically exempted from the tax imposed by the Arkansas Gross Receipts Tax, the installation will also be exempt.

Effective July 1, 2004, the Wholesale Vending Tax will increase to 7%.

Effective July 1, 2004, a taxpayer who fails to report or pay two months of Sales and Use Tax will receive a notice advising the business to make arrangements to bring the account current. If the business fails to make arrangements and becomes delinquent for a third month, DFA will have the authority to close the business and post signs stating the reason for the closure. The business may not reopen until satisfactory arrangements have been made.

IMPORTANT ITEMS TO KNOW!

DO NOT SEND CORRESPONDENCE WITH YOUR REPORTING FORMS!! All correspondence, permits, change forms, and any other documents must be mailed to the Sales and Use Tax Section, PO Box 1272, Little Rock AR 72203.

Most sales and use tax information can be obtained from our website:

<http://www.state.ar.us/salestax>

You can file your sales and use tax report on the internet. From our main page, **click on the ARTAX icon and follow the instructions.**

Electronic Funds Transfer. If you pay by electronic funds transfer (EFT), you must mail your reporting form directly to the Sales and Use Tax Section, Electronic Funds Transfer Unit, PO Box 3566, Little Rock AR 72203-3566. (EFT accounts selected for Prepayments must pay both the Prepayments and the ST-400 reporting form by EFT.) Effective January 1, 2004 all prepayments must be paid by Electronic Fund Transfer.

Business Closures. If you close your business, you must complete **Form ST-200** (Notice of Business Closure or Sale of Business), file a final report and return your permit to the Department. Failure to take this action may result in an estimated assessment of tax against your business. Once permits have been issued to a business, only that business can use them. They cannot be transferred to or used by someone else. Form ST-200 is included in the forms packet.

Computer Generated Forms. All computer generated forms must have written approval by the Sales and Use Tax Section *before* they may be used to file your tax reports.

Rental Vehicle Tax. If you report State Rental Vehicle Tax, you must also report Local Rental Vehicle Tax. See instructions under the Local Tax Section. The state Rental Vehicle Tax rate increased to 10% effective July 1, 2001.

Sales Tax Permits Subject to Cancellation. Arkansas Code Annotated 26-52-210 states the Sales and Use Tax Section shall cancel the permit of any business that has reported no sales activity for at least twelve (12) consecutive months.

IMPORTANT REMINDERS

FILING REQUIREMENTS. All sales tax permit holders are required to file reports even if their business has zero (\$0.00) sales. Filing requirements are MONTHLY, QUARTERLY, or ANNUALLY; and are determined by the Sales and Use Tax Section. Taxpayers cannot change their tax filing requirements. Failure to file a required report will cause the Department to make an estimated assessment based upon your reporting history or industry averages.

Excise Tax reports filed after the 20th of the reporting month will not be allowed the 2% discount and interest will begin to accrue from this date. Reports filed after the 1st of the month (30 days after the reporting period) will be charged a failure to pay penalty at a rate of 5% per month, not to exceed 35%.

Businesses that are required to report **mixed drink taxes** must file the additional mixed drink tax in the Special Tax Section of the form.

TOURISM TAX. A 2% Parks and Tourism Tax is levied on the gross proceeds or gross receipts derived from all admissions to tourist attractions and events plus the service of furnishing hotel, motel and lodging rooms to transient guests and to camping fees. Tourist attractions and events are defined as: theme parks, water parks, water slides, river boat and lake boat cruises and excursions, local sightseeing and excursion tours, helicopter tours, excursion railroads, carriage rides, horse racing, dog racing, car racing, indoor and outdoor plays or music shows, folk centers, observation towers, privately owned or operated museums, privately owned historic sites or buildings, and natural formations such as springs, bridges, rock formations, caves and caverns. Also the following items when rented are subject to the tourism tax; watercraft (except tug boats and barges), boat motors and related equipment, life jackets and cushions, water skis, oars or paddles.

HELPFUL PHONE NUMBERS

| | |
|---|----------------------------|
| General Information | (501) 682-7104 |
| Accounts Receivable Unit | (501) 682-7924 |
| Electronic Funds Transfer/PrePayment Unit | (501) 682-7105 |
| Apply for a Permit | (501) 682-1895 |
| TELEFILE Service | (877) 829-2001 (TOLL Free) |
| Sales & Use Tax Section FAX | (501) 682-7904 |

INSTRUCTIONS FOR REPORTING FORM ST-400

PURPOSE AND GENERAL INFORMATION

Form ST400 must be used to report all state and local taxes levied under the Gross Receipts (Sales) Tax and Compensating Use Tax Acts. **ALL AMOUNTS ON THIS REPORT ARE TO BE ROUNDED TO THE NEAREST WHOLE DOLLAR.** If the cents amount is 49¢ or less, the cents are dropped. Example, \$10.47 would be \$10.00. If the cents are 50¢ or more, round up to the next dollar. Example, \$11.56 would be \$12.00. Also, this form includes the reporting of taxes governing mixed drink and liquor sales.

WHICH SECTION DO I USE?

If your business has retail sales, report these under column "A". If your retail business is located inside the city limits of Texarkana, Arkansas, you report these sales in column "C". If your retail business has taxable sales of aviation related goods and services, you would report these sales in column "D". If your establishment sells both mixed drinks and food, you must report all sales in column "A" and the mixed drink sales in column "E" and line 13 of the special additional tax section. Liquor stores report all sales in column "A", liquor and wine sales in column "F", and beer sales on line 19 of the Special Additional Tax Section.

Use Tax must be reported in column "B". Vendor Use (out-of-state vendors selling into Arkansas) will report their sales on Line 1 of column "B". Consumer Use (in-state manufacturers and other taxpayers who purchase untaxed products from outside of Arkansas) will use line 2 of column "B" to report taxable purchases. If you sell into Texarkana, Arkansas use Line 17 in the Special Additional Tax Section. If you sell Aviation taxable items into Arkansas, use line 18 in the Special Additional Tax Section.

If you pay Aviation tax for a business in Texarkana Arkansas see Special Reporting Instructions in the City and County sales and use tax instructions for Texarkana Aviation Tax.

COLUMN A, C AND D INSTRUCTIONS - STATE SALES TAX

- Line 1. Gross Sales: This is the total receipts for the business for the month or reporting period (should not include tax collected). Gross sales cannot be a negative figure.
- Line 3. Enter total deductions (Line A through N) from back side of Excise Tax Report (ST400).
- Line 4.. Subtract line 3 from line 1 and enter difference.
- Line 5. Multiply line 4 by the State tax rate (Column "C" – Texarkana tax rate is one percent (1%) higher than statewide rate under provisions of §26-52-601 thru 606. The one percent (1%) general city tax for Texarkana is to be reported in the Local Tax Section on back of ST400.)
- Line 6. Multiply line 5 by .02 to receive a discount. The report must include full remittance and be postmarked by the 20th. Effective February 01, 1993, the discount cannot exceed \$1,000.00 for state taxes.
- Line 7. Enter prepayments actually paid by electronic fund transfer.
- Line 8. Enter authorized Manufacturer's Investment Credit (MIC) or InvestArk Credit (IC) amount in Columns B, C, or D. Enter authorized Tourism Tax Credit (TC) amount in Column A.
- Line 9. Total Tax Due: Subtract lines 6, 7 and 8 from line 5, and enter the difference. Add the totals from line 9 in Columns A, B, C, E, and F, and enter total in Block 1 of the Summary Section at the bottom of ST400. Enter the total of Column D in Block 3 of the Summary Section.

NOTE: If your business is temporarily closed or your business has no sales, you must file a report and put a zero (0) on line 1 and on line 9 (Total Tax Due) or use the TELEFILE program.

COLUMN B INSTRUCTIONS - USE TAX

- Line 1. Out-of-State vendors enter total receipts for sales into Arkansas, including prepaid freight.
- Line 2. Enter total purchases for use, storage, consumption or distribution in Arkansas.
- Line 3. Enter total of deductions (lines A through N) from back of ST400.
- Line 4. Subtract line 3 from the total of lines 1 and 2 and enter the difference.
- Line 5. Multiply line 4 by the state use tax rate and enter the result.

REMEMBER: Discount is not available to Use Tax

- Line 8. Enter authorized MIC/IC amount.
- Line 9. Total Tax Due: Subtract line 8 from line 5 and enter the difference. Add the total tax figures from line 9, Columns A, B, C, E and F and enter the total in Block 1 of the Summary Section at the bottom of the reporting form.

COLUMN E INSTRUCTIONS - MIXED DRINKS (CLUBS, HOTELS, RESTAURANTS, ETC.)

- Line 1. Enter total taxable sales. To compute taxable sales refer to the examples and instructions that were sent to you when you opened, or contact the Sales Tax Section.
- Line 9. Total Tax Due: Multiply line 1 by .10 and enter the result. Add line 9, Columns A, B, C and E and enter the total in Block 1 of the Summary Section at the bottom of the reporting form.

NOTE: You must also report the Additional Mixed Drink Tax on Line 13 for mixed drink sales only.

COLUMN F INSTRUCTIONS - LIQUOR EXCISE (Liquor Stores)

- Line 1. Total receipts from liquor, liqueurs, wines (cordials).
- Line 9. Total Tax Due: Multiply line 1 by .03 and enter the result. Add line 9, Columns A, B, C and F and enter this amount in Block 1 of the Summary Section at the bottom of the reporting form.

NOTE: The receipts from the sale of beer are to be reported on Line 19.

INSTRUCTIONS FOR SPECIAL ADDITIONAL TAX SECTION

Line 10 Tourism Tax

- Column 3. Enter total tourism receipts.
- Column 5. Multiply Column 3 by .02 and enter the result.
- Column 6. Multiply amount in Column 5 by .02 and enter the amount, if paid and postmarked by the 20th of the month. (amount not to exceed \$1,000).
- Column 7. Subtract Column 6 from Column 5 and enter the result. Add this tax amount to the total local taxes due from the back of the report and enter the total in Block 2 of the Summary Section.

Line 11 Short Term Rental Vehicle Tax

- Column 3. Enter total vehicle receipts (on rentals of less than 30 days).
- Column 5. Multiply Column 3 by the tax rate and enter the result.
- Column 7. Enter the amount from Column 5 in this column. Add this tax amount to the total local taxes from the back of the report and enter the amount in Block 2 of the Summary Section at the bottom of the report.

NOTE: If you report rental vehicle tax, you must also report LOCAL rental vehicle tax. See instructions under the Local Tax Section.

Line 12 Short Term Rental Tax (Does not apply to Motor Vehicles)

- Column 3 Enter total short term (less than 30 days) rental receipts. This applies regardless if tax was paid on the rental property at the time of purchase.
- Column 5 Multiply Column 3 by .01 and enter the result.
- Column 6 Multiply Column 5 by .02 and enter the amount if paid and postmarked by the 20th of the month. (amount not to exceed \$1,000).
- Column 7 Subtract Column 6 from Column 5 and enter the result. Add this to the total local tax due from the back of the ST400 reporting form and enter the amount in Block 2 of the Summary Section at the bottom of the reporting form.

Line 13 Additional Mixed Drink Tax

- Column 3 Enter the receipts for the mixed drink sales. To compute the figure, use the calculation sheet previously sent.
- Column 5 Multiply Column 3 by .04 and enter the result.
- Column 7 Enter the amount from Column 5 in this column. Add this tax amount to the total local taxes from the back of the report and enter the amount in Block 2 of the Summary Section at the bottom of the report.

Line 14 Residential Moving Tax

- Column 3 Enter total Residential Moving receipts.
- Column 5 Multiply Column 3 by .045 and enter the result.
- Column 7 Enter the amount from Column 5 in this column. Add this tax amount to the total local taxes from the back of the report and enter the amount in Block 2 of the Summary Section at the bottom of the report.

Line 15 Wholesale Vending Tax

- Column 3 Enter the total amount of merchandise purchased for resale through vending machines.
- Column 5 Multiply Column 3 by .055 and enter the result on the March – June 2004 returns
Multiply Column 3 by .07 and enter the result on the July – December 2004 returns
- Column 7 Enter the amount from Column 5 in this column. Add this tax amount to the total local taxes from the back of the report and enter the amount in Block 2 of the Summary Section at the bottom of the report.

Line 16 Long Term Rental Vehicle

- Column 3 Enter total long term (30 days or more) rental receipts.
- Column 5 Multiply Column 3 by .015 and enter the result.
- Column 7 Enter the amount from Column 5 in this column. Add this tax amount to the total local taxes from the back of the report and enter the amount in Block 2 of the Summary Section at the bottom of the report.

Line 17 Texarkana Use Tax

- Column 3 Enter total purchases for use, storage, consumption or distribution in Texarkana, Arkansas, or total sales by out-of-state vendors made into Texarkana, Arkansas.
- Column 5 Multiply Column 3 by the tax rate in Column 4 and enter the result.
- Column 7 Enter the amount from Column 5. Add this tax amount to the total local taxes due from the back of the report and enter the total in Block 2 of the Summary Section.

Line 18 Aviation Use Tax

- Column 3 Enter total Aviation related purchases for use, storage, consumption or distribution in Arkansas, or total aviation sales by out-of-state vendors into Arkansas.
- Column 5 Multiply Column 3 by the tax rate in Column 4 and enter the result.
- Column 7 Enter the amount from Column 5. Add this tax amount to the total local taxes due from the back of the report and enter the total in Block 2 of the Summary Section.

If the purchase or sale occurs in Texarkana Arkansas see Special Reporting Instructions in the City and County sales and use tax instructions for Texarkana Aviation Tax.

Line 19 Beer Excise Tax

- Column 3 Enter total receipts from sales of off-premises beer.
Column 5 Multiply Column 3 by the tax rate in Column 4 and enter the result.
Column 7 Enter the amount from Column 5. Add this tax amount to the total local taxes from the back of the report and enter the amount in Block 2 of the Summary Section at the bottom of the report.

CITY AND COUNTY SALES AND USE TAX INSTRUCTIONS

Each county and each city has one local code except for the City of Texarkana. County taxes must be reported separately from city taxes. Check the local listing for new codes and rates. Local taxes are collected and remitted similar to the state sales and use tax except the computation of local tax has a ceiling on the gross receipts of \$2,500 per single transaction. (Exception: The city of Texarkana 1% sales and use tax (code 46-10) is collected on the entire amount of the taxable sales.) You must report each city or county tax separately on the form. The chart below lists the maximum tax for different rates on a single transaction:

SINGLE TRANSACTION MAXIMUM TAX RATES

| TAX RATE | MAXIMUM TAX | TAX RATE | MAXIMUM TAX |
|----------|-------------|----------|-------------|
| 2% | \$50.00 | 1% | \$25.00 |
| 1 3/4% | \$43.75 | 3/4% | \$18.75 |
| 1 1/2% | \$37.50 | 1/2% | \$12.50 |
| 1 1/4% | \$31.25 | 1/4% | \$ 6.25 |

Column 3 should be the taxable sales with single transaction sales included in the total. The local taxing jurisdiction printed on the back of the form is for your convenience. **It is not intended to exclude any other local taxes that may be due.**

Check the City and County Local Listing.

- Column 1 Enter the name of the city or county for whom the tax was collected.
Column 2 Enter the local code as furnished by the Department of Finance and Administration. (See enclosed list.) Enter each local code only once.
Column 3 Total the taxable sales or purchases for each city and each county. Enter the taxable sales or purchases. Round to the nearest whole dollar.
Column 4 Enter tax rate as shown in the list of cities or counties.
Column 5 Multiply Column 3 by the rate in Column 4 and enter the result. Remember to round.
Column 6 Multiply Column 5 by .02 if paid and postmarked by the 20th. The 2% discount limit of \$1000 does not apply to local sales taxes collected by DFA. The discount is not available for use tax and rental vehicle tax (see instructions below).
Column 7 Subtract Column 6 from Column 5 and enter the result. Add all city and county taxes and enter at the bottom of the form. Then, add the total local tax due to any special tax due on the front side of the ST400 and enter the amount in Block 2 of the Summary Section of the reporting form.

Local Short Term Rental Vehicle Tax

In addition to the state and local gross receipts tax, every person in the business of renting licensed motor vehicles on a short-term basis in Arkansas, must collect state **AND** local rental vehicle tax. The following taxes shall be collected for the short-term rental of a vehicle:

| | |
|---|-----------------------------|
| Arkansas Gross Receipts Tax | 6% |
| Arkansas Short Term Rental Vehicle Tax | 10.000% |
| City\County Gross Receipts Tax | Based on local jurisdiction |
| City\County Short Term Rental Vehicle Tax | Based on local jurisdiction |

Local rental vehicle tax is reported in the same manner as local **USE** tax. The reporting codes are the same.
Example:

| | | |
|------------------|------|------------|
| Sebastian County | 6500 | Sales |
| | | Use Rental |
| Fort Smith | 6501 | Sales |
| | | Use Rental |

Texarkana Aviation Tax

Special Instructions: If the purchase or sale occurs in Texarkana Arkansas. The TEXARKANA AVIATION rate is 7% of the taxable amount and should be reported on the back of the reporting form in the Distribution of City and county taxes. Use code 8014 for Texarkana Aviation. Include with local taxes totaled in Box 2. Report here instead of Column D or Line 18 on the front of the ST-400 report.

| | | | |
|--------------|------|-------|----|
| Tex Aviation | 8014 | Sales | 7% |
| | | Use | 7% |

RECENT LOCAL TAX CHANGES

REFER TO OUR WEBSITE FOR CURRENT RATES

[HTTP://WWW.STATE.AR.US/SALESTAX](http://www.state.ar.us/salestax)

SUMMARY (Front of ST-400)

Add Blocks 1, 2 and 3 and enter the total in Block 4 , except when Blocks 1 or 3 are negative amounts.

You can not use local tax credits against the state tax to arrive at the total amount due.

When Block 1 or 3 has a negative amount, you must pay the local tax in Block 2 and not reduce the total (Block 4) to offset the negative state tax amount.

Make your check payable to; Department of Finance and Administration and mail with the completed form to:
Department of Finance and Administration, P. O. Box 3861, Little Rock, AR 72203-3861.



Notice of Business Closure or Sale of Business

Section I - Account Information

1 Name: _____ 2 Permit Number _____
3 Address: _____ 4 Federal ID Number: _____
5 City, State: _____ 6 Zip: _____ 7 Phone: _____

Section II - Closure Information

1 Date of Closure: _____
2 Did you make any purchases for your own use with this permit? Yes ☐ No ☐
If yes, did you pay the sales tax to the Department of Finance and Administration Yes ☐ No ☐
If yes, which report period: _____ If No, Remit the tax with this form.
3 Are you still operating a business? Yes ☐ No ☐
If yes, furnish permit number and location: _____

Section III - Terms of Sale

1 Was the business sold? Yes ☐ No ☐
If Yes, complete the following information:
2 Date business sold: _____
3 Name and address of purchaser: _____
4 Selling price of fixtures and inventory: _____
5 Total sales price: _____

Section IV - Items to Send in with this Form

- 1 Attach the following:
- ▶ Arkansas Sales and Use Tax Permit
 - ▶ Final tax report with payment
 - ▶ Location of books and records
 - ▶ Copy of bill of sale if the business was sold

Section V - Signature Block

| | |
|--|-------------------------------|
| _____ Signature of Owner | _____ Date |
| _____ Mailing Address of person submitting form | _____ Daytime Phone Number |